EXCISE (1)

DEPARTMENT OF STATE

BRIEFING PAPER

THE IRAN HOSTAGE CRISIS

Statement of the Issue

Efforts to secure the safe release of the hostages on terms consistent with the vital interests and honor of the United States were blocked from the start by the struggle for power by revolutionary factions in Tehran. Elements of this continuing internal conflict included a massive campaign to promote distrust of the United States and the absence of a governmental structure able to make and enforce decisions. It was not until the new revolutionary institutions had been established--seating of a parliament, approval of a cabinet, and selection of a Prime Minister--that the new Iranian leadership turned to the issues involved in the hostages' release. The parliament's confirmation of Ayatollah Khomeini's four points and Iran's willingness to consider seriously our response have advanced the issue materially, but it is still too soon to say how and when the crisis will be resolved.

Time Constraints

Massive public sympathy for the hostages and outrage at the seizure of our Embassy continues. In addition to humanitarian considerations, vital security interests also compel an early resolution of the crisis so that the U.S. can work more directly:

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Ending the crisis would also improve prospects for a resumption of Iranian oil exports as the decision by the Europeans and Japanese not to buy Iranian oil at above market rates reflects hostage concerns as well.

What We Are Doing and Why

Khomeini's four conditions for the hostages' release as confirmed by the parliament call for:

-- a U.S. pledge of non-interference in Iran's affairs;

-- cancellation of claims by the U.S. and by private

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-- unfreezing of the Iranian assets frozen here and in branches of U.S. banks abroad;

-- return of the Shah's wealth.

The U.S. response--transmitted to Iran through Algerian emissaries specially briefed for the occasion--accepts the parliament's conditions as a basis for ending the crisis, and describes the implementing steps the U.S. is prepared to take in terms permissible within the U.S. legal and political system. The response makes clear that while a non-interference pledge, unfreezing the assets, and lifting economic sanctions are possible in the context of the hostages' release, legitimate claims by U.S. citizens against Iran must be protected, and ultimately the return of any of the Shah's wealth under our control is a matter for decision by the U.S. courts. Our response states that we are prepared to assist Iran in pursuing its claims through the courts. We are awaiting an Iranian response to the U.S. proposals and expect that there will be further exchanges before there is agreement.

The European community, Japan, Canada, and Australia imposed sanctions on Iran in May similar to --but weaker than--those we imposed last November and April. These governments have informed us that they will lift their sanctions just as soon as they are no longer required. In the meantime, the respective sanctions programs remind Iran that it is incurring real costs by continuing to hold the hostages. There is some evidence of evasion of sanctions both by U.S. companies (which the Treasury is taking steps to counter), and by firms in other sanctions-imposing countries which we bring to the attention of the government concerned--while urging them to police their programs strictly.

Restrictions limiting issuance of visas to Iranians to cases involving humanitarian and national interest considerations were imposed last April to heighten Iranian isolation and increase the cost of not releasing our people. We have interpreted these restrictions strictly, and very few Moslem Iranians are now permitted to enter the United States. (Minorities are offered preferential access on humanitarian grounds.) Lifting the travel restriction is not formally an element of either the Iranian four conditions or our response. Following the release of the hostages, we may want to adjust visa restrictions to permit entry of Iranians friendly to the U.S. who are now excluded.

WASHINGTON November 21, 1980